

Senate Engrossed

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
Senate
Fiftieth Legislature
Second Regular Session
2012

CHAPTER 56

SENATE BILL 1134

AN ACT

AMENDING SECTION 20-1632, ARIZONA REVISED STATUTES; RELATING TO AUTOMOBILE
INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-1632, Arizona Revised Statutes, is amended to
3 read:

4 20-1632. Cancellation, nonrenewal and reduction of limits for
5 reasons other than nonpayment of premium; notices to
6 insured; refund of unearned premium

7 A. A notice by the insurer to the policyholder of nonrenewal,
8 cancellation or reduction in the limits of liability or coverage for reasons
9 other than nonpayment of premium shall be mailed to the named insured by
10 certified mail or United States post office certificate of mailing at least
11 ten days ~~prior to~~ BEFORE the effective date of such nonrenewal, cancellation
12 or reduction in limits of liability or coverage, except that notice of
13 nonrenewal under section 20-1631, subsection E shall be mailed at least
14 forty-five days before the effective date of the nonrenewal. ~~Such~~ THE notice
15 shall include or be accompanied by all of the following:

16 1. A statement in writing of the specific facts ~~which~~ THAT constitute
17 the reasons, consistent with section 20-1631, for such action by the insurer
18 and a notice indicating the named insured's right to complain to the director
19 of the insurer's action within ten days after receipt of the notice by the
20 insured.

21 2. Notice of the insured's possible eligibility for insurance through
22 the automobile assigned risk plan, and the notice shall state that all
23 information included in the notice is given pursuant to this article.

24 3. EXCEPT AS PROVIDED IN PARAGRAPH 4 OF THIS SUBSECTION, a refund of
25 unearned premium, ~~except a premium that has been financed or remitted to the~~
26 ~~insurer by a company that is affiliated with the insurer and that bills and~~
27 ~~collects premiums on the insurer's behalf.~~ FOR THE PURPOSES OF THIS
28 PARAGRAPH, THE INSURER SHALL EITHER MAIL THE NOTICE AND REFUND OF UNEARNED
29 PREMIUM TOGETHER AT LEAST TEN DAYS BEFORE THE EFFECTIVE DATE OR MAIL THE
30 NOTICE BEFORE THE REFUND OF UNEARNED PREMIUM IF BOTH THE NOTICE AND THE
31 REFUND OF UNEARNED PREMIUM ARE MAILED SEPARATELY TO THE INSURED AT LEAST TEN
32 DAYS BEFORE THE EFFECTIVE DATE.

33 4. In the case of a notice of cancellation or nonrenewal of a
34 policyholder whose premium payment is collected and remitted ON THE INSURER'S
35 BEHALF by the insurer's affiliate, the insurer shall refund any unearned
36 premium to the policyholder within ten days after the policy cancellation.
37 For the purposes of this paragraph, "affiliate" and ~~"affiliated"~~ have HAS the
38 same meaning prescribed in section 20-481.

39 B. Failure of the insurer to comply with subsection A of this section
40 shall invalidate any cancellation, nonrenewal or reduction in limits of
41 liability or coverage.

42 C. If a premium has been financed, a refund of unearned premium shall
43 be returned as provided in section 6-1416.

APPROVED BY THE GOVERNOR MARCH 20, 2012.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 22, 2012.

Passed the House March 15, 2012,

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

Ken M. Tuck
Speaker of the House

Cheryl Laube
Chief Clerk of the House

Passed the Senate February 2, 2012,

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Steve Pierce
President of the Senate

Charmine Billings
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

19th day of March, 2012

at 1:50 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 20th day of

March, 2012.

at 7:17 o'clock P. M.

Janice K. Brewer
Governor of Arizona

S.B. 1134

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 22nd day of March, 2012,

at 8:14 o'clock a M.

[Signature]
Secretary of State